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**U.S. CHARGES 2 EXECUTIVES OF OGILVY AND MATHER,
THE AD AGENCY, WITH FALSE BILLING IN AN ANTI-DRUG CAMPAIGN**

DAVID N. KELLEY, the United States Attorney for the Southern District of New York, announced that THOMAS EARLY, a Senior Partner and the Director of Finance of Ogilvy and Mather, New York, an advertising agency in Manhattan, and SHONA SEIFERT, a former Senior Partner and Executive Group Director of Ogilvy and Mather, were charged in an Indictment returned today in Manhattan federal court with participating in a scheme to defraud the Government. The case was assigned to United States District Judge RICHARD M. BERMAN.

The Indictment charges EARLY and SEIFERT with conspiracy to defraud the United States, to make false claims and to make false statements and with substantive counts of making false claims against the United States, in connection with their alleged participation in an extensive scheme to defraud the United States Government by falsely and fraudulently inflating the labor costs

that Ogilvy and Mather had incurred with respect to a contract it was awarded by the Office of the National Drug Control Policy (the "ONDCP").

As alleged in the Indictment, the ONDCP is a component of the Executive Office of the President, and was responsible for conducting a nationwide media campaign entitled the National Youth Anti-Drug Media Campaign (the "Media Campaign"), the goal of which is to educate the nation's youth about the dangers of illegal drugs. In December 1998, Ogilvy and Mather was awarded a contract (the "Contract") for Phase III of the Media Campaign. The Contract was a cost-plus-fixed-fee contract that entitled Ogilvy and Mather to reimbursement for allowable costs actually incurred during the course of the Contract as well as a fixed fee that was negotiated at the outset of the Contract.

According to the Indictment, in the summer of 1999, EARLY and SEIFERT learned that the labor billings on the Contract were running significantly less than what Ogilvy and Mather had previously anticipated. After recognizing this shortfall, from May 1999 through April 2000, EARLY and SEIFERT allegedly schemed to defraud the United States Government by causing Ogilvy and Mather to fraudulently inflate the number of hours that Ogilvy employees had worked on the ONDCP Contract by, among other things: (1) directing certain Ogilvy employees to revise time sheets that employees had already completed to reflect falsely that the

employees had worked more time on the ONDCP Contract than was originally recorded; (2) directing Ogilvy employees to record on their time sheets a specified percentage of their time for the ONDCP Contract whether or not the employees actually worked that percentage of time on the ONDCP Contract; and (3) causing falsified time sheets to be submitted to the Government in support of their fraudulent claims for reimbursement of labor costs.

THOMAS EARLY, 48, who lives in Rockville Center, New York, SHONA SEIFERT, 43, who lives in Southport, Connecticut, are scheduled to be presented before JUDGE BERMAN tomorrow.

Both defendants are charged with one count of conspiracy, and 10 counts of false claims. If convicted, each of the defendants faces a maximum sentence of five years in prison and a \$250,000 fine, or twice the gross gain or loss resulting from the crime, on the conspiracy count and on each of the 10 substantive counts.

Mr. KELLEY thanked the Federal Bureau of Investigation and the United States Department of Defense for their assistance in the investigation. He said the investigation is continuing.

Assistant United States Attorney KIM A. BERGER is in charge of the prosecution.

The charges contained in the Indictment are merely accusations, and the defendants are presumed innocent unless and until proven guilty.

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